

“The Forty – Five (45) Day Rule”

The following is a brief overview of the State law commonly referred to as the “45 day rule”. FY 2004 will be the first year the Chief Fiscal Officer of the State has approved the usage of this provision of State law. Please review the details below and determine what steps your agency can take to benefit from this opportunity.

Arkansas Code §19-4-702

- (a) State agencies may pay carryover obligations of the state that were incurred on or before June 30 of the current fiscal year up to ***forty-five (45) days after the end of the current fiscal year***. The carryover obligations must be supported ***by purchase documents with corresponding receipts for the goods or services that have been recorded as received in the state's financial management system by June 30 of the fiscal year previous to the fiscal year in which the carryover obligations are requested to be paid***. The payments of the carryover obligations shall be ***charged against appropriations and fund cash balances of the fiscal year in which the obligations were incurred***. Any payments for carryover obligations that are not supported by the documents as required herein, or which are requested ***to be paid after forty-five (45) days following June 30 of the fiscal year previous to the fiscal year in which the carryover obligations are requested to be paid, shall be charged to the appropriations and fund cash balances of the then-current fiscal year***.

Highlights:

- 1) Items must be recorded through the entry of a purchase order and a proper goods receipt must have occurred and be recorded on the agency's books by 6:00 p.m. on June 30, 2004. For direct invoice payments of goods and services, an entry of a proper FB60 posted and completed transaction with an accompanying FBV0 post transaction must be recorded.
- 2) Sufficient funding must be in the fund designated for payment, its related sub-funds or its corresponding “high level” fund so that the appropriation is considered to be funded.
- 3) The mechanics of the process outlined below must be followed. Purchase order documents can only be carried forward by document number (whole document). All line item details within the one purchase order document must meet the definition provided in number 1. Please note, in the event one line item has quantities ordered but not yet received will void the

carry-forward of the document with the associated budget for **all** line items. No distinction will be made as to whether it has no receipts or partial receipts of the number of items ordered. In order to receive the full benefit of the 45 day rule the following steps must be taken:

- i. Line items ordered with no receipts should be deleted.
- ii. Line items with partial receipts should have the order quantity reduced to actual receipts.

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- 4) All carried forward items must be paid by August 14, 2004 to utilize carried forward appropriation and funds.
- 5) Unused funds and appropriation will be taken back on or about August 15, 2004.

Mechanics:

Appropriations with no carry-forward authority:

- 1) Purchase requisitions will not be carried forward and should be closed by agency staff.
- 2) Purchase orders with no quantities received will be carried forward without any appropriation.
- 3) Purchase orders with some detail lines with no receipts, some with receipts and some with receipts and payments should be adjusted as follows:
 - a. Line item details with orders and no receipts should have the order quantity adjusted to zero.
 - b. Line item details with partial receipt of the order should have the order quantities adjusted to the number of goods receipted as of June 30, 2004.
 - c. Line item details with orders that are fully receipted and paid do not require any adjustment.
- 4) Purchase orders with all line items fully receipted and invoiced which have an open balance should be closed by selecting delivery complete and final invoice indicators for each line item.

Appropriations with carry-forward authority:

All purchase orders with and without goods receipts up through those with invoices posted but not paid will be carried forward with appropriation.

All open invoices posted but not paid will be carried forward with appropriation.

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